

EXHIBIT E

ERATE Program Requirements Updated June 15, 2006

These program requirements are a reference tool to help identify the legal and regulatory requirements to be considered in implementation of the E-Rate Program, it does not take the place of consultation with Legal or Regulatory Planning and Policy. If you have any questions on these requirements, consult your Legal Department.

SBC Activity	AT&T Organizations that need to be aware of rule	Organizations responsible for Procedures to ensure compliance	Related Erate Process	Requirements	Cite	SLD Website Cites	AT&T Procedures
Pre-			Form 470				
	<ul style="list-style-type: none"> •Complex Bid Support Organization - Karen Defrantz •Proposal Center •Contract Management •GEM Sales Regional SMEs 	Gem Sales		Eligible Entities - Only K-12 schools and libraries are eligible; state networks are eligible to receive support for internet access and internal connections.	54.500 (b),(j); 54.501;54.519	http://www.universalservice.org/_res/documents/sl/pdf/470i.pdf	http://salesone.sbc.com/Salesone_SharedScripts/Dwnld_Win_Pop/index.cfm?fuseaction=Pop_Esite_SubPg&varDwnld_ID=2557
	<ul style="list-style-type: none"> •Complex Bid Support Organization •GEM Sales Regional SMEs 	All		Educational Purposes - To be eligible, services must be used for educational purposes.	54.500 (k)	http://www.sl.universalservice.org/reference/educational_purposes.asp	
	<ul style="list-style-type: none"> •Proposal Center - Neil Cobb •Invoicing •IT-Fast Team •Project Management •Complex Bid Support Org •GEM Sales Regional SMEs 	All		Eligible Services - Only certain services are eligible - telecommunications services; voicemail; internet access, and internal connections	Eligible Services List. 54.502; 54.503; 54.506; 54.518; Tennessee Decision (August 11, 199) FCC 99-216	http://www.sl.universalservice.org/reference/EPsFAQ.asp http://www.sl.universalservice.org/reference/OnPremP1.asp http://www.sl.universalservice.org/reference/priority1components.asp	http://salesone.sbc.com/Salesone_SharedScripts/Dwnld_Win_Pop/index.cfm?fuseaction=Pop_Esite_SubPg&varDwnld_ID=2557
	<ul style="list-style-type: none"> •Proposal Center - Neil Cobb •Invoicing - Lyn's List •IT-Fast Team •Project Management •Complex Bid Support Org •GEM Sales Regional SMEs 	All		Basic Maintenance services are eligible as an internal connection if they are required for the internal connection to serve its intended purpose with the degree of reliability ordinarily provided in the marketplace. Maintenance of unsupported equipment, services that enhance equipment utility beyond the transport of information or diagnostic services in excess of those needed to maintain equipment's ability to transport information are not supported.	54.506(b)	http://www.sl.universalservice.org/reference/two_out_of_five.asp	
	<ul style="list-style-type: none"> •Non-Telco Providers •Datacomm •SBC Global Services - Keya Miller •GEM Sales Regional SMEs •Invoicing •Contract Management 	All		Eligible Service Providers - Non-telecom carriers are eligible for support only for voice mail, internal connection and internet access. Telecom Service must be provided by an Eligible Telecommunications Provider.	54.517(b)	http://www.universalservice.org/_res/documents/sl/pdf/els_arc_hive/2006-eligible-services-list.pdf	
	<ul style="list-style-type: none"> •GEM Sales Regional SMEs •Complex Bid Support Organization •Datacomm 			Frequency of discounts - as of FY 2005, each applicant is eligible for support for internal connections no more than twice every 5 funding years.	54.506(c)	http://www.sl.universalservice.org/reference/two_out_of_five.asp	

•GEM Sales Regional SMEs •Legal			Competitive Bidding - Services must be competitively bid; applicant must submit a Form 470 to SLD	54.504; Ysleta/IBM Order released Dec. 8, 2003 (03-313)	http://www.sl.universalservice.org/reference/470filingguidance.asp http://www.universalservice.org/_res/documents/sl/html/sl-newsbrief-sr3-20060515.aspx?WT.mc_id=sl-newsbrief-20060519	
•GEM Sales Regional SMEs •Legal			Applicant must wait 28 days after posting of Form 470 to award bid	54.504.4	http://www.sl.universalservice.org/reference/470info2004.asp	
•GEM Sales Regional SMEs •Legal			Contracts signed before July 10, 1997 do not have to be competitively bid	54.51(c)	http://www.sl.universalservice.org/reference/470info2004.asp	
•GEM Sales Regional SMEs •Legal			Applicant must certify to certain things	54.504(b)(2)		
•GEM Sales Regional SMEs •Legal			Long term contracts are permitted. If a long term contract is requested in the originating Form 470, a new Form 470 does not have to be posted each year of the contract's term.	54.507 (c); Form 470 Instructions	http://www.sl.universalservice.org/reference/contract_guidance.asp	
•GEM Sales Regional SMEs •Legal			Applicant must select the most cost-effective bid; price must be the primary factor.	54.511(a)	http://www.sl.universalservice.org/whatsnew/reminders-F470.asp#F470R1	
•GEM Sales Regional SMEs •Legal •Pricing and Marketing	All		Service provider must charge the lowest corresponding price for services.	54.511(b)		
•GEM Sales Regional SMEs •Contract Management - Mike Meyers •Legal •SNET Contract Management - Leslie Bowman	All		Contracts - Written contract must be signed by both parties before the application for funding (Form 471) is filed.	54.504(c)	http://www.sl.universalservice.org/reference/contract_guidance.asp http://www.universalservice.org/_res/documents/sl/html/sl-newsbrief-sr4-20060515.aspx?WT.mc_id=sl-newsbrief-20060519	
•GEM Sales Regional SMEs		Form 471 - Services Ordered and Certification	Application for Funding - Applicant must file the application for funding (Form 471) by the deadline and make the required certification	54.507(c)	http://www.sl.universalservice.org/reference/471Tips.asp http://www.sl.universalservice.org/reference/problemresolution.asp	
•GEM Sales Regional SMEs •Invoicing - All Affiliates •IT-Fast Team •Marketing and Pricing •Paging - Joanne Fledderman •Long Distance	All		Cost Allocation of Ineligible Components - Requests for services with both eligible and ineligible components must allocate the cost between the components. Allocation must have a tangible basis and price for eligible portion must be the most cost-effective means of receiving the eligible service. Services that are "ancillary" as defined by the rule do not have to be allocated out and can receive discounts.	54.504(g);	http://www.sl.universalservice.org/reference/costallocationguide.asp	
•GEM Sales Regional SMEs •Invoicing - All Affiliates			If an application is found to contain requests for ineligible items equal to more than 30% of the total application, the whole application will be denied.	54.504(c)(1)	http://www.sl.universalservice.org/reference/esr.asp	

	•GEM Sales Regional SMEs			Discount Level - Applicant must calculate the discount level according to the proscribed rules	54.505	http://www.sl.universalservice.org/reference/dmatrix.asp	
	•GEM Sales Regional SMEs •Proposal Center	Gem Sales		Structure of Billing for Capital Costs	Brooklyn Public Library Sept. 25, 2000 FCC 00-354		
Service Delivery							
	•Project Management - Bob Carpenter •GEM Sales Regional SMEs •Invoicing - All Affiliates •Local Accounting Teams	Invoicing	•Funding Commitment Decision Letter •Form 486 - Service Certification	Service Delivery Deadlines - Unless an Extension has been received from USAC, Recurring Services must be delivered during the funding year (July 1 - June 30); Non-recurring services must be delivered by Sept 30 following the end of the funding year	54.507 (d)	http://www.sl.universalservice.org/reference/ServiceDeliveryDeadlines.asp	
	•Project Management •GEM Sales Regional SMEs •Invoicing - All Affiliates •Local Accounting Teams •Complex Bid Support Org •Datacomm - Field Support	Project Management		Resale/transfer of the equipment for anything of value for a period of 3 years is prohibited, except where specifically permitted by the rules. Free services are prohibited.	54.504(2)(iii); 54.513 (a)	http://www.sl.universalservice.org/reference/transfer_equipment.asp	
	•Project Management •GEM Sales Regional SMEs •Invoicing - All Affiliates •Local Accounting Teams •Complex Bid Support Org •Datacomm - Field Support			Exception to prohibition on transfer of equipment if a school is closed or empty. School must notify the Administrator, keeps records for 5 years.	54.513 (c)	http://www.sl.universalservice.org/reference/transfer_equipment.asp	
	•Project Management •GEM Sales Regional SMEs •Invoicing	All	•Form 486 - Service Certification •Form 472 and 474 •Invoicing forms	Service Substitution - Criteria for Administrator approval of a service substitution	54.504(f); LAUSD Order, Feb. 14, 2001 DA 01-387	http://www.sl.universalservice.org/reference/servicesub.asp#1	
	•All affiliates/Business Units SMEs		SPIN Change Procedures	SPIN Change		http://www.sl.universalservice.org/reference/SpinChange.asp	
Billing the Customer and Invoicing SLD for Erate funds							
	•GEM Sales Regional SMEs •Invoicing - All Affiliates •Regulatory Accounting	All		Reimbursement Method - Customer can choose to receive discounted services from the service provider (discounts) or to pay the service provider in full and seek reimbursement from USAC (BEAR)	54.514	http://www.sl.universalservice.org/reference/discountsYr4.asp	
				NOTE: In CA, customers who want to participate in state erate fund are required to choose discounts	CA PUC Order		
	•Credit & Collections - Gabe Nardella •Invoicing - All Affiliates •GEM Sales Regional SMEs	All		Customer Payment - Customer must pay the non-discount portion of the services. Customer may not receive rebates or anything of value from the service provider unless the value of the free service is subtracted from the pre-discount price of the e-rate services.	54.523	http://www.sl.universalservice.org/reference/obligation.asp http://www.universalservice.org/sl/applicants/step06/free-services-advisory.aspx	

	<ul style="list-style-type: none"> •Invoicing •GEM Sales Regional SMEs 	All	Form 486	Discounts are not required and invoices cannot be submitted until applicant submits Form 486 Receipt of Service Certification to the SLD	Form Instructions page 2	http://www.sl.universalservice.org/reference/8form486.asp	
	<ul style="list-style-type: none"> •Regulatory Accounting •Invoicing - All Affiliates 	All	Form 498	Service Provider Payments - Service Provider may annually elect to receive erate support as an offset against universal service assessments or a direct reimbursement. Carriers that do not remit universal service payments will have erate reimbursements offset from that amount.	54.515		
	•All affiliates/business units	All		Non-telecom carriers are eligible for support only for internal connection and internet access	54.517	http://www.sl.universalservice.org/reference/EPsFAQ.asp	
	<ul style="list-style-type: none"> •Accounts Payable •Invoicing - All Affiliates •Remittance Operations •Payment.net •Customer Support Unit 	All		BEAR checks need to be remitted to customer in 20 days.	54.514	http://www.universalservice.org/sl/providers/step09/	
	•Invoicing - All Affiliates	All		Red Light Rule - No reimbursements will be made to entities with any outstanding debts	Parts 0 & 1	Order on implementation of DCIA; FCC Order 04-72 Released 4/13/04	
	•Invoicing - All Affiliates	All		Red Light Rule Letters - When there is an outstanding debt owed by SBC, SLD invoices for payment will be rejected and a Notice of Withholding Action Letter will be issued. The FCC has created a new Red Light Display System (RLD) to enable entities doing business with the FCC to determine if they have any outstanding delinquent debt. The RLD enables you to check the status of your account by individual FRNs, and links other FRNs sharing the same TIN when determining whether there are outstanding delinquent debts.	Parts 0 & 1	https://svartifoss2.fcc.gov/redlight/login.cfm	
Annual Certification/ Form 498							
	•All affiliates SMEs	All	Form 473; Form 498	Service Provider Must file annually and make certain certifications	54.504(f)		
General							
	<ul style="list-style-type: none"> •Project Management •GEM Sales Regional SMEs 			Funding year is from July 1 through June 30	54.507(b)	http://www.sl.universalservice.org/reference/ServiceDeliveryDeadlines.asp	
Appeals							
	<ul style="list-style-type: none"> •Invoicing -- All Affiliates •GEM Sales Regional SMEs 	All		Request for Appeal must be postmarked 60 days from the date of the decision	54.72	http://www.sl.universalservice.org/reference/AppealsProcedure.asp http://www.sl.universalservice.org/reference/AppealsSLDGuidelines.asp	
Record Retention							

	•Everyone	All		Record Retention - Service Providers must maintain records of rates charged to and discounts allowed; records shall be available for public inspection.	54.501(d)(3); 54.516; Fifth Report and Order released Aug. 13, 2004 (FCC 04-190)		http://salesone.sbc.com/SalesoneSharedScripts/Dwnld_Win_Pop/index.cfm?fuseaction=Pop_Esite_SubPg&varDwnld_ID=2808
	•Project Management •Complex Bid Support Org •Datacomm	All		Applicants required to maintain asset and inventory records sufficient to verify location of equipment for 5 years after purchase.	54.516	http://www.sl.universalservice.org/reference/AuditFactSheet.asp	
Audits, Penalties							
	•Everyone			Suspension and Debarment - Commission shall suspend and debar a person from participation in the program for conviction or civil judgment arising out of activities related to participation in the program (false claims, theft, forgery obstruction of justice)	54.521(b), (c)	http://www.universalservice.org/sl/about/suspensions-debarments.aspx http://www.sl.universalservice.org/reference/Investigation.asp	
	•Everyone			Process for Suspension or Debarment	54.521(e)	http://www.universalservice.org/sl/about/suspensions-debarments.aspx	
	•Everyone			Debarment or Suspension lasts a minimum of 3 years	54.521(g)		
	•Invoicing -- All affiliates •Credit and Collections	All		Recovery of Funds - FCC will seek recovery from party responsible for violation. 60 days to appeal notice.	Part 0.91; 0.291 Fourth Report and Order released July 30, 2004 (FCC 04-181)	http://www.universalservice.org/sl/tools/reference/returning-funds-usac.aspx	
	•Everyone			Non-Compliant Auditee Letter - Letter will be sent to all auditees that have been determined to be non compliant with program rules.		http://gulfoss2.fcc.gov/prod/ecf/s/retrieve.cgi?native_or_pdf=pdf&id_document=6516789230	

Document prepared by Regulatory Planning and Policy
Ellen Blackler, Executive Director
Colleen Meisinger, Associate Director